

Non-Departmental Accounts

The Non-departmental budget provides for items necessary for the operation of City government services which are not directly attributable to departmental operating expenses. The FY 05 budget includes funding for City Priorities, the City's Homeowner's Tax Rebate Program, insurance coverage, employee tuition reimbursement, employee training, employee awards, the retirement deficit amortization payment, leave liability, allocation for bad debt, an unappropriated reserve fund and a general contingency appropriation. Also included is funding for the Fourth of July activities, community festivals, Public Safety Committee and the Arts and Humanities Commission. Following this narrative is a series of graphs which compare the FY 04 and FY 05 items in the non-departmental budget.

City Priorities

\$120,000 is budgeted for City Priorities as established by the Council. This includes \$19,000 for Communications/outreach; \$8,000 for Public Safety; \$15,000 for Community Center; \$25,000 for Economic Development; and \$53,00 for Infrastructure/City Assets/City Image. For a detailed explanation of the City Priorities see the attachment on this subject.

Insurance

For the seventeenth year, the City will participate in the Local Government Insurance Pool for all major liability and property insurance coverage. Overall insurance premiums are programmed to increase about 10% for FY 05; however, FY 04 premiums were 13% less than programmed which results in the budgeted amount for FY 05 being 6% lower than the FY 04 figure. The FY 04 amount was \$163,640 compared with the FY 05 figure of \$153,500. Actual premiums will not be available until late April.

All insurance coverage except Health Insurance and Worker's Compensation are included in the Local Government Insurance Pool.

Unappropriated Reserve Fund and General Contingency

As required by the City Charter, two percent of revenues is set aside in an unappropriated reserve fund (\$284,310) and one-half of one percent of revenues are set aside as a general contingency account to cover unexpected operating expenses (\$71,078).

Employee Training and Awards

Employee training funds are set at \$12,000 for tuition reimbursement-type expenditures to be allocated by the City Manager for employees who are working toward their high school, college and graduate school degrees. \$50,000 is being allocated for City-wide employee training to include individual skill training courses, group training such as diversity training, safety awareness. In FY 04 training was focused on Diversity Awareness and Ethics. Funding for the Employee Recognition Award program includes expenses for the Service Awards Program, Holiday gift certificates and party, Employee Recognition Day, acknowledgments of significant employee actions and recognition for City volunteers. This line item also includes funding for "Distinguished Performance" pay increases in accordance with the Pay for Performance Plan.

Employee Benefits

The funding for the Employee Assistance Program and costs of pre-employment and employee fitness for duty physical examinations is reflected in the FY 04 budget under the Hospitalization line item.

Employee health, disability and life insurance benefits are accounted for in each department's fringe account. Effective July 1, 2002, health insurance premiums are increasing by 13.9%. Workers compensation insurance coverage is provided by the Injured Workers Insurance Fund (IWIF). Effective January 1, 2002, IWIF raised their base rates by 38% and we received an experience modification increase of 20% due to several costly employee injuries. We received premium discount of 10% as a result of measures adopted by the City's Risk Management Team to reduce the risk of accidents and to limit the time off of the job due to accidents. As a result of these increases the City's premiums increased by approximately \$181,000 for FY 03. Effective January 1, 2003, IWIF again raised its rates and our premium was projected at \$553,000, an increase of 103% over the 02 premium. Subsequent to this notification, we arranged with Montgomery County to join their insurance pool for the purpose of worker's compensation insurance, and our premium starting July 1, 2003 was \$400,000, a cost avoidance of \$150,000. A further reduction will be realized in FY 05. Effective July 1, 2004 our premium has been set at \$360,000 a decrease of 10% over FY 04.

Retirement

During the 1996 General Assembly session the State Retirement Agency pushed through State Legislation that revised the method of billing for the Pension system which had participating agencies paying in accordance with their liability instead of pooling of retirement costs by all jurisdictions. At the time the legislation was being considered, State actuarial studies determined that Takoma Park had a deficit of \$2,615,748 to pay off under the new method of billing. The legislation allowed the City to amortize this deficit over 40 years with payments increasing by 15% for the first 5 years and 5% per year thereafter. During the 1997 General Assembly legislative session, HB 1348 was introduced through the efforts of the City of Takoma Park and the City of Hagerstown. This bill would have reduced the City's deficit by \$1,000,000 with the State Retirement Agency absorbing the costs of unfunded liability for several jurisdictions up to a total State funded cap of \$7.5 million. However, the bill was amended in the House Appropriations Committee and as approved by the General Assembly, Takoma Park's deficit was reduced by \$500,000. During the FY 98 General Assembly HB 430 was introduced and passed. This bill further reduced our deficit by \$500,000. The FY 04 payment is estimated to be \$67,500.

On July 1, 2001, the City established a Police Retirement plan that permits retirement upon completion of 25 years of service and will raise the retirement benefit to 50% of their average annual salary. Officers contribute 7% of their annual salary and the City contribution for FY 05 is computed to be 24.42% of salaries or \$453,287, an increase of 3.7%..

Employee Compensation

For FY 05, employee wages will be increased by 2.5%. The budget also includes \$50,000 to fund "Distinguished Performance" pay increases in accordance with the Pay for Performance Plan.

Homeowner Property Tax Rebate

During FY 92, the Council adopted an ordinance authorizing the equivalent of a 15% property tax credit as a supplement to the State Tax Credit program. Homeowners eligible for the State tax credit, (per the Department of State Assessment and Taxation tax credit records) receive from the City, in addition to their State credit, 15% of the State's credit amount, up to a maximum of the combined City and County taxes. For FY 05, \$25,000 is projected to cover the rebates to eligible homeowners.

Contingency Litigation

This years budget includes \$100,000 designated for legal fees that may be encountered to litigate issues over the expansion of the Washington Adventist Hospital.

Non-Departmental Expenditures

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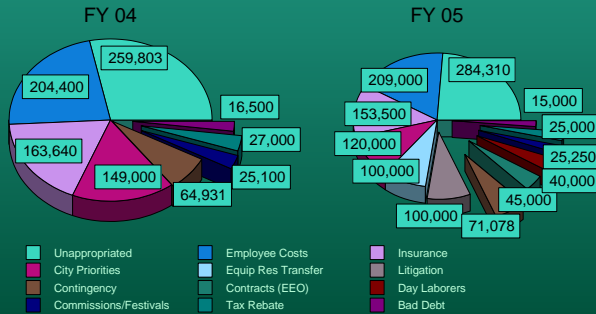
Account	Title	FY03 Budget	FY04 Budget	FY04 Estimated Actual	FY05 Projected
4022	Non-Department Revolving Fringe Benefits	0	0	0	0
4054	Non-Departmental Employee Recognition	20,684	65,000	65,000	65,000
4055	Non-Departmental Hospitalization	5,600	5,400	1,400	4,500
4056	Non-Departmental Retirement	56,000	70,000	58,648	67,500
6123	Non-Departmental Litigation	0	0	0	100,000
6130	Non-Departmental Day Laborers	0	0	39,000	40,000
6140	Non-Departmental Contracts	0	0	0	45,000
6605	Non-Departmental General Liability	68,026	66,740	49,001	52,000
6610	Non-Departmental Motor Vehicle	43,704	42,800	42,000	46,500
6615	Non-Departmental Excess Liability	19,836	19,800	15,756	17,000
6616	Non-Departmental Envtl. Liability	1,652	1,800	1,800	2,000
6620	Non-Departmental Property Casualty	16,586	26,000	22,679	25,000
6625	Non-Departmental Fidelity Bond	800	1,500	6,000	6,000
6630	Non-Departmental Insur. Deductible	5,000	5,000	9,500	5,000
7006	Non-Departmental Council Goals	39,500	149,000	149,000	120,000
7008	Non-Departmental Arts Commission	0	5,000	5,000	5,000
7010	Non-Departmental General Contingency	63,181	64,931	64,931	71,078
7018	Non-Departmental Public Safety Committee	5,000	4,850	1,000	5,000
7019	Non-Departmental Community Festivals	7,193	7,000	5,000	7,000
7050	Non-Departmental Training	45,000	40,000	45,000	50,000
7053	Non-Departmental Tuition Reimburse	15,000	14,000	6,000	12,000
7096	Non-Departmental Signage	3,000	0	0	0
7115	Non-Departmental Fourth of July Expenses	8,500	8,250	8,250	8,250
7135	Non-Departmental Leave Liability	20,000	10,000	0	10,000
7145	Non-Departmental Bad Debt Expenses	20,000	16,500	0	15,000
7375	Non-Departmental Tax Rebate Program	30,000	27,000	24,000	25,000
7400	Non-Departmental 7133 Carroll Ave.	0	0	0	0
8200	Non-Departmental Unappropriated Fund	191,950	259,803	200,000	284,312
8300	Non-Departmental Equip. Reserve Ttransfer	100,000	0	0	100,000
Total	Report	\$786,212.00	\$910,374.00	\$818,965.00	\$1,188,140.00

Proposed FY05 Budget: Non-Departmental Accounts

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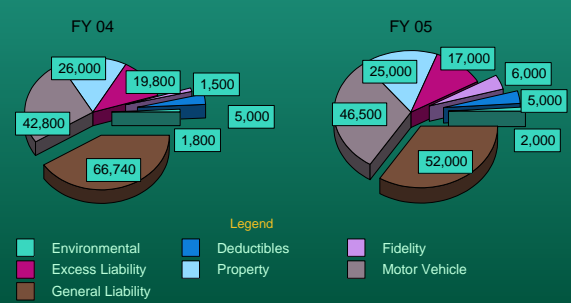
Non-Departmental

Adopted FY 04 and Proposed FY 05
(\$910,374) (\$1,188,138)
Increase = 30.5%



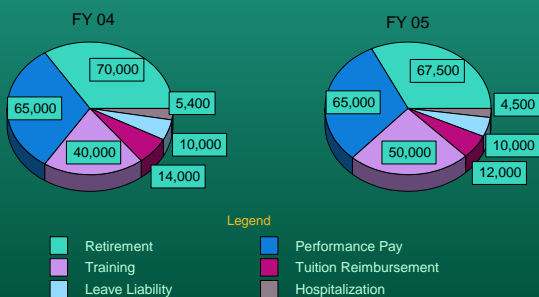
Non-Departmental Insurance Costs

Adopted FY 04 and Proposed FY 05
(\$163,640) (\$153,500)
Decrease = 6.2%



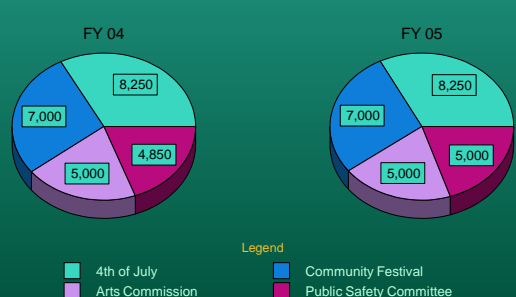
Non-Departmental Employee Costs

Adopted FY 04 and Proposed FY 05
(\$204,400) (\$209,000)
Increase = 2.3%



Non-Departmental Commissions & Festivals

Adopted FY 04 and Proposed FY 05
(\$25,100) (\$25,250)
Increase = 0.6%



Non-Departmental City Priorities

Adopted FY 04 and Proposed FY 05
(\$149,000) (\$120,000)
Decrease = 19.5%

